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~~CONFIDENTIAL~~ June 1954

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**SUBJECT:                   Guatemalan arms acquisition.**

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21 June 1954

MEMORANDUM FOR: The Honorable Robert B. Anderson  
Under Secretary of Defense  
The Pentagon  
Washington, D. C.

SUBJECT: Guatemala; procurement of arms from the  
Soviet orbit.

At the request of the Director of Central Intelligence, I am transmitting herewith, for your information, a report on the Guatemalan procurement of arms from the Soviet orbit. While you have undoubtedly received much of this intelligence already, this round-up of the information available may be of interest, and is for such limited dissemination within the Department of Defense as you think appropriate.

FRANK G. WIGNER  
Deputy Director (Plans)

Attachment

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GUATEMALAN PROCUREMENT OF ARMS  
FROM THE SOVIET ORBIT

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## GUATEMALAN PROCUREMENT OF ARMS FROM THE SOVIET ORBIT

### Summary

The shipment of arms from the Soviet orbit to Guatemala on the Swedish flag vessel Alfhem was the outcome of clandestine negotiations between agents of the Guatemalan government and Czechoslovakian diplomatic and commercial agents. The chartering, loading and sailing orders of the Alfhem were deviously contrived by the Soviet orbit supplier so as to conceal the true origin, nature and destination of the cargo, and the operations of unloading and transferring the cargo in Guatemala were covered with secrecy, under close military guard, by the Guatemalan government.

The Alfhem sailed under blind orders on a misleading course. Neither the captain nor the crew knew their true destination until within hours of Puerto Barrios. Neither the captain nor the crew knew for certain their cargo. Their suspicions were aroused, however, by the weight and dimensions of the cases and the strength of the packing. The crew was not surprised when the ship was met by military officers and placed under armed guard. Since that time the Guatemalan Government and military officials, by inference and direct statement, have admitted that the Puerto Barrios consignment consisted of arms.

Had the arms been new, the estimated value of that shipment would be \$10,000,000. The known transfers of Guatemalan foreign exchange during the period of transaction, however, although they were much higher than normal, indicate that Guatemala by no means paid this amount of money for the Alfhem shipment to the Czechoslovakian supplier. What advantages did the Soviet orbit gain from this bargain sale?

In spite of the carefully concealed financial and shipping arrangements, the false cargo manifest of the Alfhem, and the extraordinary security precautions maintained by the Guatemalan government over unloading the cargo at Puerto Barrios and transferring it to inland points, the details of the war munitions delivered by the Alfhem have become known. The mortars and howitzers, grenades and land mines, as well as the machineguns, automatic rifles and other items, appear to exceed by far, in fire power, nature and quantity, any foreseeable Guatemalan need for national defense or the maintenance of internal order. Guatemala's own estimates of its needs for arms and ammunition heretofore have been about \$200,000 a year.

Final negotiations for the recent extraordinary arms purchase were carried out in Prague during January and February, 1954, by Major Alfonso Martinez, apparently dealing at high levels of the Czechoslovakian State hierarchy as a personal agent of President Arbenz. Although bearing a military title, Major Martinez has no close relations with the Army, but occupies a politically important government post as Chief of the National Agrarian Department. This agency administers the controversial Agrarian Reform Law, a law which was drafted with the assistance of Jose Manuel Fortuny, until recently secretary general of the Guatemalan Communist Party (PGT), and pushed through the Guatemalan Congress by Communist pressure.

Fortuny spent two months in Moscow just prior to the journey which took Major Martinez to Prague. During the same period, arrangements were consummated for the formal establishment of diplomatic relations with the Communist satellite government of Czechoslovakia, and the Minister of that country presented his credentials to the President of Guatemala on January 29, 1954. It was not surprising that the date of this diplomatic accord coincided with Major Martinez's mission in the Czechoslovakian capital, where he remained from January 21 to February 9.

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This acquisition of arms from the Soviet orbit is but representative of many other known efforts by the present government from early in 1952 to the present, to obtain military supplies in substantial quantities. Using as agents various Guatemalans and certain well known international traffickers in arms, approaches on the subject have been made in most of the countries of Western Europe and even in many Latin American capitals. The broadly inclusive nature of this arms quest is common knowledge in military, banking and commercial circles of Europe. It ranges from small arms and low calibre ammunition up through anti-tank and anti-aircraft cannon, tanks, half-tracks, army trucks, and airplanes. These persistent, widespread efforts generally have met with failure. Some commitments and actual deliveries nevertheless have been made. Guatemala has received Oerlikon cannon and replacement parts, ammunition, and numerous spare parts for military trucks. Yet even before these acquisitions, Guatemala's military and police strength was more than double the forces of any of its neighboring states comparable in size and population. The delivery of the Alfhem consignment, together with the possibility of further contemplated negotiations with the Soviet orbit, constitutes a continuing source of apprehension for Guatemala's militarily weaker neighbors and of danger to the peace of the Western Hemisphere.

In chronological sequence, the known facts regarding the M/S Alfhem and its cargo are as set forth in the following pages.

#### Arrival and Unloading at Puerto Barrios

1. On 15 May 1954, the General Manager of the International Railways of Central America (IRCA), in Guatemala City, received information from the Terminal Superintendent of the railway at Puerto Barrios, Guatemala, that a ship was due on or about that date with cargo for the Guatemalan government but that nothing definite was known as to class of cargo, quantity or origin. One Arturo Papadopolos was supposed to be the agent for the ship and it was "understood" that the ship's cargo was "armament." 1/
2. Later the same day the ship entered and was received by the Minister of Defense of Guatemala, Col. Jose Angel Sanchez; the Director of the National Agrarian Department, Major Alfonso Martinez; and other government officials. 2/
3. Col. Sanchez requested the IRCA Terminal Superintendent to provide 15 flat cars and as many box cars and locomotives as would be required to move the cargo without delay and asked to have the ship docked immediately. No Ship's documents, manifests or bills of lading were presented or shown to IRCA officials, as requisite under normal conditions. 3/
4. Effective discharging began on 16 May. Col. Sanchez informed IRCA employees that he wished to discharge 24 hours a day and desired that there be no delay due to shortage of cars, or power, or movement over the railroad from Puerto Barrios to Guatemala City. On the basis of the Terminal Superintendent's estimate of costs, Col. Sanchez paid over to the latter a deposit of 6,000 quetzales on 17 May. (The Guatemalan government was previously in arrears to IRCA for unpaid freight shipments. The cash deposit was to cover the cost of handling the Alfhem shipment alone, although the cost of moving the Alfhem shipment probably will exceed this amount.) 4/
5. Unloading was completed on Sunday, 23 May. The first train with eight cars left Puerto Barrios at midnight, 16 May. An explosion occurred under the locomotive at Mile 16 (Casteneda) as it passed over a small bridge. Following this sabotage attempt the Ministry of Defense requested IRCA to supply six rail motor cars with trailers for handling troops and piloting the trains with the special Government cargo. An escort of about 20 soldiers and officers accompanied each train. 5/

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6. On 20 May United Fruit Company employees at Bananera went on strike and as a consequence IRCA (a subsidiary of United Fruit) suspended service. All locomotive power and practically all equipment was removed from the United Fruit lines. The following day, Lic. Alfonso Bauer Pais, Government Interventor of the IRCA, requested reestablishment of service. The Director General of the Guardia Civil, Col. Rogelio Cruz Wer, and the Director of the Guardia Judicial, Major Jaime Rosenberg, accompanied Lic. Bauer Pais to the offices of IRCA to discuss resumption of service. 6/ During these conversations, the nature of the special Government cargo was mentioned specifically in the terms of "armaments". Colonel Cruz Wer stated that the Guatemalan Government wished to have this "armament" moved as rapidly as possible. The General Manager of IRCA commented that IRCA officials had supposed the cargo consisted of armament because they had heard rumors to that effect. Subsequently in the conversation when any reference was made to the movement of the cargo by the three Guatemalans present, they referred to it as "special cargo". It was understood by IRCA officials in Guatemala City that their Terminal Superintendent in Puerto Barrios had been informed either by Colonel Sanchez, Defense Minister, or by some of his party at the port, that the Alfhem cargo consisted of armaments. 7/

#### Security Measures

Col. Sanchez and Major Martinez went to Puerto Barrios with a party of officials and remained several days at the port awaiting the arrival of the Alfhem. 8/ From the time of the ship's unheralded arrival until unloading was completed no effort was spared to assure the rapid discharge of cargo and its safe transport to Guatemala City. A guard of troops was maintained so that it was impossible for unauthorized persons to approach the discharge area. 9/ 10/ There were twenty to thirty guards on the dock at all times, a fact made the more conspicuous by the absence of any military personnel on or about the eight or ten other vessels in the harbor at the same time. The cargo was discharged directly into railway cars with the ship's derricks and military guards were on duty on all the railway cars, checking the cargo into them. 11/ The Alfhem crew was allowed shore leave during the unloading. Regular United Fruit Company and IRCA employees were allowed to continue their normal work, but strangers were barred from the area and the U.S. Service Attaches at the port were kept under surveillance. 12/ Even the local shipping agent, to whom the Alfhem had radioed on 13 May regarding its impending arrival, was prohibited from boarding the ship and was not given access to its papers. 13/

#### Admissions Regarding Receipt of Arms by Guatemalan Officials

1. Guatemalan official efforts to maintain secrecy and to preserve the fiction that an innocuous cargo of machinery was brought by the Alfhem were quickly nullified, not only by the flow of rumor at the harbor, which began even before the ship's arrival and by the evident special concern of the Guatemalan Army chiefs to take the cargo immediately under their control, but by the characteristic shape and dimensions of the items unloaded, although everything was closely boxed and some packages carried deceptive markings. 14/ Members of the Alfhem crew had had previous experience in freighting arms and were reported as saying about the port that while they were told the shipment was machinery they believed it to be armaments. 15/ ~~During the unloading, two boxes of cargo fell out of the slings. One broke open on deck, revealing its content of machine guns. Soldiers immediately covered the break and tied the box with manila line. 15/~~

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2. By 18 May, the Swedish Foreign Office informed the press that the Swedish Government was satisfied by reports from its own diplomatic sources that the Alfhem carried a cargo of munitions. 16/ The charterer of the vessel nevertheless denied that the cargo consisted of arms. But the vessel's owners, convinced that the cargo had been loaded under false description, then cancelled the charter, on 21 May, at Stockholm. The owners then radioed instructions for withdrawal of the ship from Puerto Barrios. 17/

3. Public interest in the subject was now high in Guatemala as well as abroad and official statements admitting receipt of arms finally began to appear. Foreign Minister Guillermo Toriello admitted in a press interview on 21 May that the Alfhem cargo consisted of arms. 18/ On 22 May the official government paper, Diario de Centro America, and also the paper Nuestro Diario carried statements by the Minister of Government, Augusto Charnaud MacDonald, referring to "the shipment of arms" to Guatemala City. 19/ On 24 May Nuestro Diario published an interview with Toriello in which Toriello said he had discussed with U. S. Ambassador Peurifoy "a shipment of arms recently acquired by the Guatemalan Government." 20/ On 25 May El Imparcial quoted Toriello as stating that the Alfhem was "the only ship which would bring arms to Guatemala." 21/ On 26 May, the official Diario de Centro America published a statement by Major Enrique Parinello, Army Chief of Staff, in which he referred several times to the arrival of an arms shipment. On 23 May, in Mexico, Guatemalan Ambassador Roberto Alvarado Fuentes admitted in a press interview given the Mexico City newspaper Excelsior that arms had been received. He also implied that the arms embarked on the Alfhem at Stettin were of Czechoslovakian origin. 22/

#### History of the Alfhem Consignment

As bits and pieces of information from Stockholm, London, and Czechoslovakia came out, together with the ship's log, sailing orders and falsified manifest, the history of the Alfhem shipment emerged as detailed below:

1. The M/S Alfhem was purchased one or two years ago by A. B. Bahuslandska Kusten, Uddevalle, Sweden. The company is owned by Gustav Thorden and associates, and managed by Knud Nordendorph. 23/

2. The actual charterer of the Alfhem for this voyage was Alfred Christensen of Stockholm, an independent ship broker who represents the Czechoslovakian State Corporation, Czechofracht 24/ Czechofracht is identified in the Czechoslovak Economic Bulletin, No. 281, Prague, February 1954, as the (Czechoslovakian State) Corporation for Shipping. Czechofracht paid the shipping costs. However, two other Czechoslovak State corporations are shown on the Alfhem's loading time sheet as shippers, namely "SPEEDRAPID" and "METRENS". The latter is listed in the February 1954 Czechoslovak Economic Bulletin as "corporation for international forwarding." All three are Czech government agencies. 25/

3. Because of complications in arranging payment through transfer of Czechoslovakian funds from London to Sweden, Alfred Christensen, the charterer, obtained the services of E. E. Dean of London. Dean obtained permission from the Bank of England to effect the payments and was given a "straw charter" by Christensen. This was no more than a formal arrangement; Christensen agreed in writing to take all responsibility in legal and financial matters. 26/ The existence of this dummy charter in London does not in itself prove the covert nature of the Alfhem transaction, because Dean merely played the role of expediting Czech payment to Sweden, with the full knowledge and consent of the Bank of England. 27/ The records of the real charterer, Alfred Christensen, and of the Alfhem itself, however, show witting collaboration in a clandestine enterprise. The Alfhem at least once previously chartered by Czechofracht, in June 1953, to carry Czechoslovak goods to Communist China. Christensen also acted as charterer on that occasion. 28/

4. In Stockholm on 19 May Christensen stated that the Alfhem cargo consisted only of chemical and optical glassware and machinery as indicated in the bill of lading. He named as shipper John Milles and Brothers, London. To date it has not been possible to verify the name or existence of this firm. He declared that the bill of lading was issued to the buyer and that the Captain of the vessel was specifically instructed not to release the cargo to any agent or person other than the actual holder of the fully paid bill of lading. Christensen claimed not to know who was taking delivery of the cargo, but later indicated that it was the Guatemalan Government. 29/

5. Christensen cooperated with the Guatemalan Minister of Defense in the latter's urgent efforts to get the Alfhem cargo transferred to Guatemalan possession as rapidly as possible, and contrived so as to enable the Alfhem to remain in port until the consignment was discharged. This was in despite of an appeal to Christensen by the U. S. Embassy in Stockholm to order the Captain to cease unloading and depart immediately. 30/ On the night of 19 May he finally agreed to do so, but two days later admitted to Gustaf Thorden, the owner, that he had not carried out the promise, "because he thought that it would be no use". The same day Thorden cancelled the charter and himself issued the further instructions to the ship. 31/ 32/

6. No actual violation of Swedish law occurred in the Alfhem transaction inasmuch as the ship did not pass through Swedish territorial waters while carrying its cargo of arms. However, the fact that the director-manager, Knud Nordendorph, went all the way to Copenhagen to see the Captain on his way out of the Baltic rather than have the ship stop at Goteborg or Udevalla, would indicate that the Alfhem was trying to avoid entering Swedish waters. The devious and unusual course taken by the vessel on Christensen's orders also bears out the assumption that he was a witting conspirator in the plot to deliver arms secretly from Czechoslovakia to Guatemala.

7. The Alfhem departed Uddevalla, Sweden on 6 April for Copenhagen for bunkers and provisions, then proceeded to Stettin, Poland. Before leaving Uddevalla, the Captain was told by a representative of the charterer (Christensen) that a small part of the cargo might be "second-class explosives". At Stettin, the shipper's representatives denied this. The ship's agent there was one Mueller, from the Polish government agency "Morska Agencja". Mueller is known to have handled previous cargo from Czechofracht in Gdynia. 33/ This agent was responsible for the bill of lading and manifest; the Captain merely accepted it. 34/ From Stettin, the Alfhem returned to Copenhagen Roads but did not enter the port. There Knud Nordendorph, as stated, boarded the vessel and examined the papers received by the Captain at Stettin. Without returning to home waters, the Alfhem then proceeded 17 April toward Dakar "for orders". The Captain believed from his instructions that he would take the vessel to a destination on the coast of South America; he carried no detailed charts of the Caribbean. On 23 April, while in the Bay of Biscay, radio instructions were received to proceed to Curacao "for orders". On 7 May, the Captain received instructions to proceed to Puerto Cortes, on the coast of Honduras, "for orders". The charterer then requested his estimated time of arrival at the discharging port, and on 13 May, one day out of Puerto Cortes, he was instructed to take the Alfhem into Puerto Barrios, Guatemala. 35/

8. The fact that the ship carried arms seems to have been almost an "open secret" among those on board. Certainly there is a strong possibility that the Captain suspected if he did not know the true nature of his cargo. Several of the crew members were certain that it consisted of arms, and he was aware of their speculations. At least one crewman secretly investigated a damaged packing case in the hold and found the content to be gun replacement parts. 36/ By the time he made this discovery he considered it too late to demand the extra pay which the crew would have received had the charterer acknowledged he was freighting arms. There is a chance, of course, that the crew received some form of bonus for the voyage. No evidence of this has appeared, however.

#### Transshipment of Cargo

All of the cargo from the Alfhem was removed under military guard over in IRCA freight cars. At the Gerona freight yard in Guatemala City, it was unloaded by the Guatemalan soldiers and transported elsewhere in military trucks. The first three or four trains were held under guard in the Gerona yards during the day and discharged at night. This effort to maintain secrecy was later abandoned. 37/ Unusual security precautions have been continued, however, to the extent that members of the U. S. Army Mission, who formerly



had ready access to all military installations, have not been permitted so much as a glimpse of the crates in which these arms were shipped. The Army Mission officers were told by members of the Guatemalan General Staff that they will be permitted to see this new equipment "as soon as it has been completely uncrated, cleaned and assembled." 32/

2. The Alfhem cargo unloaded at Puerto Barrios consisted of 15,421 packages weighing 4,122,145 pounds in all. 39/ This was as described, with a very slight discrepancy, in the bill of lading signed at Stettin, which showed 15,424 cases weighing a total of 1,887,456 kilograms. 40/ The cargo was discharged into 123 freight cars of the IRCA. Of these, 119 went directly to Guatemala City. The remaining four cars were taken to a siding near the Puerto Barrios airport. From these cars 200 packages weighing 53,799 pounds were transferred by air to unknown points. It is surmised that some of the latter packages went to Zacapa, the principal military base in eastern Guatemala, near the Honduran frontier. 41/

3. All cargo delivered to Guatemala City by IRCA was discharged in the Gerona freight yard. 42/ The subsequent distribution so far as the US Army Attache in Guatemala has been able to ascertain, was approximately 40% each to the First Regiment (Guardia de Honor) and the Second Regiment (Base Militar) and 20% to the Ordnance Depot (Maestranza) at Port Matamores. 43/

#### Estimated Types and Quantities of Arms Received

1. Information available from all sources to date indicates that the arms received are of German World War II manufacture. 44/ The numbers of each item are unknown, and it is uncertain whether any substantial quantity of ammunition was included in this shipment. The manner of handling the cargo does not indicate that high explosives were carried.

2. According to an individual who reportedly participated in unpacking the shipment received at the Base Militar the arms have been reconditioned, appear in excellent condition, and consist of the following:

- (1) A large number of Czech-type bolt-action 7 mm Mauser rifles equipped with 7-round magazines.
- (2) Bipod-type light machine guns, cloth-belt fed, firing a bullet about the same size as a 9 mm Luger pistol.
- (3) 7 mm machine guns mounted on tripod.
- (4) 7 mm automatic rifles resembling the Browning rifle, except that clip is loaded from the side.
- (5) 37 mm anti-tank guns similar to US type with low silhouette and pneumatic tires.
- (6) Artillery Howitzers of a caliber between 65 and 75 mm, mounted on wooden wheels with steel tires and equipped with steel protection shields (approximately 100 of these have been unpacked at the Second Regiment). These weapons were crated in truncated pyramid-shaped boxes.
- (7) Many mortars of a caliber between 65 and 81 mm.
- (8) A large number of hand grenades, black in color, that appeared to have a fiber covering and resembled the action end of the German World War II "potato masher."
- (9) Teller anti-tank mines, packed 30 to a case. These cases bore the imprint of a champagne glass and were marked "Fragile," apparently to create the impression that they contained glassware.

3. According to the same source, all weapons were shipped with a large quantity of spare parts. He described the ammunition carried as for all weapons and sufficient, in his opinion, to last the Guatemalan Army for "the next ten to fifteen years." According to the source, no instructional manuals were shipped with the equipment. There were no anti-personnel mines, no armored cars, no tanks, no vehicles of any type, no communications equipment, no technical advisors and no airplanes. 45/

4. The foregoing is probably a conservative but fairly realistic estimate which would be representative of the total Alfhem shipment. Much speculation and many allegations have circulated on the question. 46/ Such reports tend to reflect, however, some of the exaggeration naturally arising from apprehensions of Guatemala's neighbors regarding Guatemalan military strength and intentions. The Guatemalan Government, on the other hand, has tried to diminish the importance of the Alfhem cargo by releasing statements implying that the arms received are adequate only for defense and still leave the country weak in striking power.

#### Value of the Alfhem Cargo

1. The 2,000 ton consignment discharged at Puerto Barrios was the sole cargo of the Alfhem, a ship which normally carries 7,000 tons. After unloading, the Alfhem departed empty, on 24 May. If this 2,000 tons of arms had been new, the cost would have been approximately \$10,000,000, according to US Army estimates. 47/ Guatemala, however, seems to have obtained this great quantity of reconditioned equipment at a bargain price, to judge by the known movement of government foreign exchange funds at the time, as shown below.

#### Financial Arrangements

1. During March 1954 Guatemala completed an unusual and complicated financial transaction in which about \$4,467,000 was transferred from the account of the Bank of Guatemala in the Federal Reserve Bank of New York. The transfer probably was made to the account of the Czechoslovakian National Bank in Switzerland. The foreign exchange involved in this transaction was about five times the normal monthly foreign exchange sales by Guatemala. Careful arrangements were made to conceal what was going on. The transaction was split up and funnelled through seven New York banks and one New Orleans bank in several separate steps. These cloaking measures successfully hid the size and nature of the transaction. To follow it in detail, on 5 March 1954 the Bank of Guatemala instructed the Federal Reserve Bank of New York to transfer \$4,467,000 from the Bank of Guatemala account there to the Bank of Guatemala accounts with various New York Banks and one New Orleans Bank. Five days later, on 10-11 March, these banks were in turn instructed to transfer approximately equivalent amounts to the accounts of the Union Banque de Suisse maintained in those banks. 48/ A subsequent report from Switzerland shows that "in late February" Guatemala transferred the equivalent in dollars of 20 million Swiss francs (\$4,666,766). 49/ In late March, 1954, Guatemala informed the Union Banque de Suisse that Guatemala had drawn two checks on this amount. On 9 April two checks totalling almost 20 million Swiss francs were presented to the Union Banque bank by the Czechoslovak National Bank (probably the Statni banka ceskoslovenska, the Czech State Bank.) 50/

2. While the amount of military equipment obtained appears to be great in comparison with the cash outlay here represented, a comparison of the contrast between the cost of this single arms purchase and the annual military budget of Guatemala shows the extraordinary nature of the transaction, as the whole budget for all military costs for 1952-53 was \$6,000,000 and for 1953-54 was \$6,500,000. Since 1952 Guatemala has paid out an additional \$700,000, so far as can be determined, for arms bought through Col. Hubert Julian. 51/

#### Guatemalan Negotiations for the Alfhem Shipment

1. Final negotiations for the Alfhem arms shipment were carried out in Prague during January and February, 1954, by Major Alfonso Martinez, apparently dealing at high levels of the Czechoslovakian State hierarchy as a personal agent of President Arbenz. There is

reason to believe that the agreements, instructions, and final transaction passed through Czechoslovakian and Guatemalan diplomatic channels. 52/

2. Major Martinez has been identified with numerous previous Guatemalan attempts to buy arms. He is an intimate friend and henchman of President Arbenz. 53/ Although bearing a military title, he has no close relations with the Army, but occupies a politically important government post as Chief of the National Agrarian Department. This agency administers the controversial Agrarian Reform Law, a law which was drafted with the assistance of Jose Manuel Fortuny, until recently Secretary-General of the Guatemalan Communist Party (Partido Guatemalteco del Trabajo), and pushed through the Guatemalan Congress by Communist pressure.

3. Just prior to the mysteriously sudden journey which took Major Martinez to Switzerland and Prague last January, 54/ Fortuny spent two months in Moscow. 55/ Also present at the Soviet capital in the same period was Victor Manuel Gutierrez, Communist chief of the Guatemalan labor organization. 56/

4. During the same period, arrangements were consummated for the formal establishment of diplomatic relations with the Soviet satellite government of Czechoslovakia, and the Minister of that country presented his credentials to the President of Guatemala on 29 January 1954. It was not surprising that the date of this diplomatic accord coincided with Major Martinez's mission in the Czechoslovakian capital, where he remained from 21 January to 9 February. 57/

5. A minor but possibly related strand in the net of political and commercial intrigue surrounding the Alfhem arms shipment is the fact Fortuny in 1953 obtained for his brother-in-law, Mario Jerez Rivera (alias M. J. Olivera), the official representation in Guatemala for Czechoslovakian products. To do so, Fortuny displaced the long established representative, Jose Polacek, by whom Jerez formerly was employed. 58/

#### Previous Guatemalan Efforts to Obtain Arms

1. Guatemalan efforts to procure arms through irregular channels go back at least to 1949. In a statement quoted by the Guatemalan newspaper El Imparcial on 22 October 1952, the Undersecretary of Defense, Lt. Col. Juan Jose Serra, revealed that Col. Hubert Fauntleroy Julian had served Guatemala twice as an intermediary in the purchase of arms, "once in 1949" and again when he procured "twelve Swiss Oerlikon anti-aircraft guns." The latter were delivered during the week before the newspaper interview. Julian himself was quoted in the Guatemalan newspapers Prensa Libre and La Hora of 21 October 1952, as saying that the Guatemalan Government was considering the purchase through him of an undisclosed number of British Spitfire airplanes. In La Hora of 17 October 1952, Julian declared that during the year he had delivered \$84,000 dollars worth of military equipment including halftracks. He denied that any of the goods he had obtained for Guatemalan were manufactured behind the Iron Curtain. The Undersecretary of Defense denied Julian's claim that a purchase of Spitfires was contemplated. "When we want airplanes," he said "we will get them in the United States."

2. Hubert Fauntleroy Julian, the "Black Eagle of Harlem," is a flamboyant Negro soldier of fortune who was born in Trinidad, B.W.I. of a Venezuelan mother and British father and now has US citizenship. 59/ He was undoubtedly a principal in arranging purchase of the Oerlikon anti-aircraft guns and halftracks mentioned above. Of that deal, the anti-aircraft guns were actually delivered, but arrangements never have been completed for shipment of the weaponless halftracks because of export license problems. These vehicles now are legally in the possession of the Guatemalan Ambassador in England and are physically located in the latter country. 60/

3. Julian's career as an arms agent has been widely publicized over the past several years and he has told his story freely, boasting of successes and crying over failures, in so many different versions that references to his activities sometimes tend more to confuse than to clarify the history of Guatemalan efforts to obtain arms. It is certain that Julian has obtained military supplies for the Guatemalan Government through the Swiss firm REXIM and the associated Italian firm GENAR. 61/ Misunderstandings or fraud in the financial accounting as well as frustrations regarding actual delivery have caused controversy and recrimination between all parties to these deals. The present study will not be served by attempting to sift out the facts here. Part of the difficulty, however, was the result of lack of technical knowledge coupled with carelessness on Julian's part. It is no secret that the Genar firm deliberately took advantage of his lack of technical efficiency and delivered training ammunition, for example, in place of the high explosive type the Guatemalans expected to receive. 62/

4. Julian claims to have had a part in arranging the purchase of the Alfhem arms cargo. It is unlikely that he had anything to do with the deal so far as it involved material from Czechoslovakia. But this does not rule out the possibility that some items he acquired elsewhere for Guatemala could have been transported to Stettin and loaded in with the Alfhem shipment. Julian was in Guatemala on 19 February 1954, 63/ precisely when final arrangements for the Alfhem shipment were in progress. He then returned to Europe. 64/ In March, he was in Switzerland and then in Sweden where he tried to buy surplus Swedish planes and anti-aircraft guns for Guatemala, offering cash payment in US dollars. 65/ 66/ Prior to 31 March 1954 he reportedly bought from AKT Namit, Timmermansgaten SO 49, Stockholm, "24 halftracks, two landing craft, and five large trailers." 67/ On June 9-11, after the Alfhem incident, Julian was again in Sweden, and again in contact with the Stockholm firm AKT Namit. There was no trace of any contact at that time with individuals connected with the Alfhem. 68/

5. An abundance of information from many sources shows that Guatemala has attempted to obtain arms, airplanes, and military equipment in almost every European country and in the United States over the past several years. 69/ Apart from the cases discussed above, however, no important information emerges except to show the pattern of persistent, determined effort.

6. Contacts in this quest have been carried out through regular commercial channels, through adventurous arms dealers such as Colonel Julian, and through Guatemalan diplomatic representatives. In the background of these transactions move the Communist politicians.

7. Col. Augusto Morales Dardon, Guatemalan Minister to Belgium, and Juan Grajeda, Guatemalan Consul General in Antwerp, long have been suspected as participating in clandestine attempts to buy arms. Juan Grajeda is a former protege of the late Foreign Minister, Enrique Munoz Meany, who was a well-known pro-Communist. Under Meany in the Guatemalan Embassy in Paris, in 1949, Grajeda was associated with Carlos Manuel Pellecer, who since then has abandoned his diplomatic career to become one of the three principal Communist leaders in Guatemala today. Grajeda and Col. Morales Dardon were reported in 1953 as in contact with a German industrialist, one (fnu) Pholling, with whom they traveled by air to Berlin in an effort to make arms purchases. During May, 1954, Grajeda was reporting to Morales Dardon regarding ship departures from Hamburg and Antwerp with evident reference to munitions sought by Guatemala. 70/

8. The principal officers of the Guatemalan armed forces seem to have had little connection with surreptitious attempts to get arms. President Arbenz reportedly once authorized the Chief of his Military Staff, Col. Eduardo WEYMANN, to survey with the Italian Ambassador in Guatemala the possibilities of obtaining aircraft and arms in Italy. Col. Weymann touched on the idea of trading coffee for arms. 71/

9. During his recent tour of South American capitals, Colonel Enrique Diaz, Chief of the Guatemalan Armed Forces, made a few pleas for arms and ammunition, and according to an unconfirmed report, obtained a token shipment of hand grenades (of German World War II vintage) from Argentina. <sup>72/</sup> If acquisition of arms was a real part of the purpose of Col. Diaz' journey, however, he pursued the mission with little vigor.

10. In view of the fact that President Arbenz and Colonel Martinez knew before Colonel Diaz departed that the Alfhem was scheduled to bring arms from Czechoslovakia, the Diaz quest for arms could have been laid on merely as a bit of stage setting, in advance of future claims that arms assistance had been asked and refused by friendly Western Hemisphere countries before recourse was had to the Soviet Orbit.

#### Other Recent Reports of Arms Shipments

1. Rumors were current among the Alfhem crew and in Puerto Barrios during the unloading period to the effect that at least two more vessels bringing arms and ammunition were due to arrive shortly in Guatemala. <sup>73/</sup> Daily surveys were conducted thereafter by AIUSNA, Honduras. The movements of some forty vessels traveling toward or expected in the Caribbean area were closely checked. <sup>74/</sup> Two ships, the Wolfsbruk and the Wyoming, were inspected for possible arms cargo. <sup>75/</sup> Results were negative in all cases.

2. The full extent of the activity of the Swiss firm REXIM and the affiliated Italian GENAR, in supplying arms to Guatemala is not yet clear. Although they now give the appearance of willingness to cooperate in denying arms to Guatemala, the responsible heads of the two companies have responded only to limited and specific requests or questions, and it is possible that they may have withheld other pertinent information. REXIM was founded at Geneva in 1947 by M. Roger Simonin. The company deals in buying, selling, importing and exporting of raw materials, and merchandise of all sorts from all sources, manufactured or not. It has dealt heavily in replacement parts, munitions and arms, as well as large quantities of surplus American army automobiles and parts. The firm is represented by GENAR, S. r. l., the Italian International Development in Rome, C.I.F.E. in Paris, ESPERANZA & CIE, and AFRICONTRA in Vaduz, with correspondents in all countries. Roger Marc Auguste Simonin, who lives in Geneva, is the president. He was born in 1913 of Swiss nationality. <sup>76/</sup> Robert A. AUBERT, a naturalized American citizen, is connected with the firm. <sup>77/</sup> Maurice Maubert, an arms dealer in Paris, also has been mentioned in relation with their activities. <sup>78/</sup>

3. In 1950 a shipment was delivered to Guatemala from the GENAR company, through Colonel Julian's efforts, as follows:

- 12 Breda machine guns, 12.7mm
- 12 Breda machine guns, 7.7 mm
- 24 Tripods for above.
- 12,000 rounds 12.7 mm. ammunition
- 60,000 rounds 7.7 mm. ammunition
- 1 Mauser Cannon, 20 mm.
- 1,000 rounds 20 mm. ammunition.

4. The Genar company shipped at least 255 cases of cartridges and machine guns to Guatemala in 1951. <sup>79/</sup> In 1953, Genar supplied Guatemala with 25,000 rounds of 20 mm. steel anti-aircraft Oerlikon-type ammunition. <sup>80/</sup> In 1954, Rexim delivered eight boxes weighing 5,386 pounds, to Puerto Barrios manifested as automobile accessories. <sup>81/</sup> Rexim did not obtain the usual Swiss export license and the suspicion arises that this may have been a small arms shipment. <sup>82/</sup>

5. As previously stated, the Rexim company unloaded second-rate material in filling some of these orders for Guatemala. The Oerlikon-type ammunition here listed previously had been declared valueless by the Swiss Army Technical Department and consisted of training shells, with low fragmentation and reduced explosive charge. <sup>83/</sup> Guatemalan officers were reported as disgusted with the poor quality of the ammunition. <sup>84/</sup> Since that time the Army has been pressing for delivery of more ammunition for the Oerlikon anti-aircraft guns. <sup>85/</sup>

6. Rexim was responsible for or involved in obtaining for the Guatemalan government the consignment of 25,000 rounds of blank Swiss anti-aircraft shells which was intercepted at the free port of Hamburg on 15 June, 1954. <sup>86/</sup> Reportedly these shells originated in Swiss surplus stocks. <sup>87/</sup> The shipping agent at Hamburg represented the Swiss firm Natural le Coultre. <sup>88/</sup>

7. M. Jean Jacques Renaud, an official of Rexim S.A., on 28 May went to the American Consulate at Hamburg to discuss this shipment of 20 mm ammunition. He stated that the amount was 8 tons and that Rexim had drawn payment for it from a deposit of \$200,000 placed with the firm by Colonel Julian, on behalf of the Guatemalan Government, in 1952. Renaud implied that the present shipment contained practice ammunition, rather than high-explosive ammunition. This has not been verified. It will be recalled, however, that the previous shipment of ammunition was practice ammunition, and was unsatisfactory to the Guatemalan Army officers. It does not seem likely that the Guatemalans would accept a second shipment of training ammunition.

8. The recent investigations of arms traffic also revealed that Hamburg has been the port of departure for previous successful shipments of arms to Guatemala. Three specific shipments have been reported by H. F. Cordes & Co. <sup>89/</sup> A representative of this firm, Mr. (fnu) Jungclaus), went to Guatemala in 1953 and obtained from the Chief of the Guardia Civil (Col. Rogelio Cruz Wer) an order for submachine guns, ammunition and pistols. He also obtained, he said, "a certificate from the Guardia Civil stating that these arms were destined for the Guatemalan police force only." <sup>90/</sup> Three shipments then were delivered to Guatemala, as follows:

a. Ammunition for Machine Guns "MP 40" - 288,310 rounds. This was purchased from Forsvarets Fabriksverk, Stockholm, and was shipped from Sweden on a through bill of lading to Guatemala via the Hamburg Freeport.

b. Pistols - 130, purchased from the Manufacture de Machines du Haut-Rhin, Mulhouse, Alsace. The French export license was obtained by the manufacturer.

c. Submachine guns "MP 40" - 200. This shipment was purchased from Forsvarets Fabriksverk, Stockholm, and shipped to Hamburg Freeport on a through bill of lading to Guatemala.

According to H. F. Cordes & Co., payment for this order was made by irrevocable dollar letter of credit opened at the Chase National Bank of New York on instructions of the Banco Agricola Mercantil of Guatemala. Upon shipment of the arms and ammunition, Cordes paid the suppliers from the letter of credit, and retained the balance as profit. <sup>91/</sup>

9. No traffic in arms for Guatemalan military use has been uncovered in Belgian ports. The Belgian Government approved, in March and April, 1954, three licenses for shipment to Guatemala of a small quantity of arms and ammunition, on the grounds that they were for sporting purposes and not military use. The three licenses covered approximately 250 weapons. <sup>92/</sup> The shipment was loaded at Antwerp for Guatemala on French flag vessel Wyoming. This cargo was found to be as described in the government-approved export licenses, consisting of 36 shotguns, two pistols, 25 .22 caliber rifles, together with spare parts. <sup>93/</sup> The shipper

was the Schroeder Liege Company and the consignee was J. Polasek, Guatemala. Polasek, as previously mentioned, formerly was the representative in Guatemala of the Czechoslovak Government Export Monopoly until that agency was conveyed to the brother-in-law of Communist Party Secretary-General Jose Manuel Fortuny. The present order may well represent no more than an attempt on Polasek's part to develop a new import line.

10. Guatemala's urgent efforts to obtain arms and ammunition extended to Spain early in 1954. According to a representative of the Genar firm, a deal was concluded through Rexim of Geneva with a Spanish firm, for 1 million rounds of 7 mm. Mauser rifle ammunition to be shipped from a Spanish port. 94/ Allegedly this shipment was to go to Amsterdam, where it would be reconsigned direct to Guatemala. It was incidentally stated that Guatemala has considerably in excess of 10,000 7 mm. Mauser rifles (type produced especially for Latin America), but has only the 12 Breda machine guns noted in the listing above, to utilize an available 200,000 rounds of 7.7 ammunition. 95/ In response to US representations, Rexim cancelled the order for the 1 million rounds of ammunition from the Spanish source was cancelled.

#### Conclusions

1. Guatemala has succeeded in obtaining considerable supplies of arms and military equipment, but has not been able to obtain complementary supplies of ammunition. All of the arms and equipment obtained is old and much is deficient in various ways.

2. Guatemala can be expected to continue its efforts to obtain ammunition and supplementary arms and equipment to overcome deficiencies. Various cargo vessels known to be loading or at sea are still suspect and subject to watch.

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BILL OF LADING

UNIFORM BILL OF LADING 1946

The Documentary Council of the Baltic and International Maritime Conference

To be used with Charter-Parties Code Name: Congenbill

Shipped at Stettin

in apparent good order and condition by John Milles & Brothers of London on board the good Vessel called the "ALFHEM" for carriage to Dakar for order or so near thereto as she may safely get, the following goods:

S		15.424 cases machinery equipment, machinery
D	C	spare parts, laboratory and
		chemical glass etc.
O		as per specification

1,887,456,-kos

ACTUALLY ON BOARD!

FREIGHT PREPAID!

Dated at Szezecin, the 17th April 1954

/s/ HENRY LIND

S p e c i f i c a t i o n

to the Bill of Lading dated 17 April 1954 m/n "ALFHEM"

shipper: John Milles & Brothers, London

destination: Dakar for order

S			
D	C		
O			
Nos:	1/1-1000	1.000 cases shovels	81.300,-kos
	2/1-4167	4.167 cases nails	570.379,-kos
	3/1-50	50 cases pickaxes	8.750,-kos
	4/1-232	232 cases machinery spare parts	29.000,-kos
	5/1-200	200 cases machinery parts	36.000,-kos
	6/1-1388	1.388 cases screws	190.156,-kos
	7/1-500	500 cases hand tools	61.000,-kos
	8/1-300	300 cases machines and	
		machine tools	76.428,-kos
	9/1-2334	2.334 cases spare parts and	
		machinery parts	273.834,-kos
	10/1-2022	2.032 cases laboratory and	
		chemical glass	183.100,-kos
	11/1-113	113 cases laboratory equip-	
		ment	13.041,-kos
	12/1-2525	2.525 cases fine mechanical	
		and optical aparatuses	281.993,-kos
	13/1-92	92 cases disassembled	
		machines	18.801,-kos
	14/1-501	501 cases machinery equipment	63.177,-kos
		15.424 cases	Total 1,887,456,-kos

/s/ HENRY LIND

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Statement of Johan Henry LIND, Captain of the M/S ALFHEM, taken at Key West, Florida, on 28 May 1954.

My name is Johan Henry LIND and I am presently Master of the M/S ALFHEM. I have been Captain of the vessel since April 7, 1954, when Captain Johans became ill. The vessel then was in Copenhagen. Previous to this voyage, I had been Chief Officer since September 1953. I have held my Captain's Certificate in Sweden since 1950. I have been with the ALFHEM's owners since they purchased the ALFHEM, at which time I went aboard as Chief Mate. Previous to my employment by the owners of the ALFHEM, I was with the owners of the Salen Line for about seven years as a deck officer. I have been an officer since 1939.

On April 5, 1954, when the ALFHEM was at Uddevalla, Sweden, I received instructions from the owners to proceed to Stettin for loading. I also received a copy of the charter party between the ANGFARTYGS AKTIEBOLAGET BOHUSLANSKA KUSTEN, UDDEVALLA, owners, and AKTIEBOLAGET NAVIGATION, Stockholm, charterers, dated April 1, 1954. The ALFHEM sailed from Uddevalla on April 6, 1954, and proceeded first to Copenhagen for bunkers and provisions. We lay at Copenhagen Roads and the bunker station for approximately 24 hours. We then sailed directly to Stettin. Upon leaving Uddevalla, it was my understanding that the cargo which would be loaded at Stettin would be general and other legal cargo, according to the charter party. Before leaving Uddevalla a charterer's representative (from Donalfredo) mentioned to me that a small part of the cargo to be loaded at Stettin might be some "second-class explosives". I later inquired of a Mr. Mueller, representing the shipper in Stettin, about the small cargo of second-class explosives. He informed me that there would be no such cargo.

The vessel arrived at Stettin on April 9, 1954, and commenced loading the following morning. Loading proceeded in accordance with the notations made in the ship's log. The vessel loaded at a government pier which had two cranes for light lifts (approximately 5 tons). The stevedores who loaded the cargo apparently were ordinary longshoremen and I did not see any unusual security guards in the area. I did not see any Latin Americans concerning themselves with the loading of the cargo at Stettin. The usual military guard was stationed at the gangway and there were two other ships at the same dock in Stettin, one Swedish and one Finnish, according to my recollection, both of which were tied up ahead of us. So far as I could see all of the cargo loaded aboard the ALFHEM came out of railway cars which were pulled up alongside the vessel on the quay. I did not pay any particular attention to the marks on the railway cars indicating their possible origin, but it was the usual mixture of railway cars from various countries. The ship's agent in Stettin was the Government Agency, "MORSKA AGENCIA" (Cable address: POLBROKER). All vessels are required to use this agent in Stettin and in all other Polish ports. A Mr. Mueller was the chief tallyman in charge of loading the cargo. He apparently represents the various shippers of cargo from Polish ports. I had previously seen him handling cargo for CZECHOFRACHT in Gdynia.

A list of the cargo to be loaded was not provided to me or to the ship's officers before loading began. The Chief Mate prepared the cargo plan on the basis of his own observations of the cargo being loaded. Checkers also were provided, I think by the shippers, although at my request, to check the cargo into the vessel. On the basis of the checker's tally sheets the Bill of Lading and manifest were prepared by the shipper's agent. The ship's agent obtains this information from the shippers, as mentioned above. When signing the bill of lading, it was necessary for me to accept the list of cargo aboard, as prepared by the shipper.

All of the cargo was loaded by the dock cranes; the ship's derricks were not used for this purpose. There was no deck cargo loaded for this voyage. All of the cargo was in wooden cases of different sizes. So far as I could tell the weights of the cases and cargo shown on the specification attached to the bill of lading were approximately correct. The

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largest case taken aboard was approximately one meter square on the base and two meters high. The cases in which the cargo was packed were strongly constructed of wood, and I had no opportunity to observe what was in them. The Chief Mate told me about one case which had been damaged and a wooden chest was seen inside the outside packing. In accordance with our regular practice, we repaired the outside case.

I heard several rumors from members of the crew that the cargo might not be as listed in the specification, but it was necessary for me to accept the specification as given to me with the bills of lading. If I had learned that the cargo loaded aboard was not that specified in the charter, it would have been necessary for me to notify my owners of this fact, and then it would be up to them to straighten it out with the charterer. In addition, if I had been aware that weapons or explosives were aboard, I also would have notified the owners, particularly because in such a case there might be violations of various safety regulations.

During the voyage from Stettin the owner of the vessel, KNUD NORDENDORPH, boarded the vessel at Copenhagen. I showed him the papers received in Stettin. The charterer did not assign a super cargo to the vessel under the provisions of paragraph 33 of the charter party for the voyage. There were no passengers aboard the vessel during the voyage. My wife, son, and daughter were aboard, signed on as members of the crew, and the wife and son of the Chief Engineer were also aboard, as members of the crew.

On April 17, the ALFHEM sailed from Stettin and our orders were to proceed to Dakar for orders. This was in accordance with the statement in the bills of lading, and also the charterer had informed in Udevalla that these would be my orders from Stettin, although he was not certain. Dakar has been known to be an "order port" and it was my feeling that when we left Stettin that it would not be the destination of the cargo. I therefore assumed that our destination would be some place on the east coast of South America and to be ready for that eventuality, I obtained charts for that area. However, I did not obtain and did not have large scale navigational charts for the Caribbean area. Originally, I had no thought that we would be going into the Caribbean area because Dakar is too far South for such a diversion and considerable time would be lost.

The voyage proceeded without incident until on April 23rd when I received radio orders from the charterer, while the vessel was somewhere in the Bay of Biscay, to proceed to Curacao for orders. Upon receiving the orders to proceed to Curacao for orders, I cabled the owners and informed them that I thought that I might need additional charts. I expected that I would have possibly two or three days in Curacao Roads and therefore would have time to obtain charts for the order port. While the ALFHEM was still to the east of the West Indies I received on May 7th further orders by radio to proceed to Puerto Cortes, Honduras, for orders. This message was received in time for me to pass through Windward Passage on a route to Puerto Cortes. Subsequently I received a message asking for my ETA at the discharging port. I radioed an answer giving the ETA at the order port (Puerto Cortes). Finally, when the vessel was approximately one day out of Puerto Cortes, I received on May 13th a message naming Puerto Barrios for the discharging port. I have never before been in Puerto Barrios and had no harbor plan for that port. I therefore radioed to the agent named in the message which had named the final port of discharge, PAPADOPOLO, to bring out a harbor plan before I entered the harbor. Upon arrival outside Puerto Barrios, he sent a harbor chart out by launch. There are no pilots in Puerto Barrios and therefore it was necessary for me to pilot the vessel into the harbor myself.

The ALFHEM first anchored in the inner harbor on the 15th of May. Shortly after we anchored, a person in a uniform came aboard the ALFHEM and ordered me to come ashore. He took me to an office which I assumed to be the Port Captain's office. Upon arrival at this office, I found a large group of military and civilian persons. They immediately asked me if I was the Master of the ALFHEM and when I said that I was, they handed me the original bills of lading. I took the original bills of lading and then asked to see the vessel's agent, because I needed assistance in

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clearing, etc. I located the agent in another room in the same building, but he informed me that he did not want to act as agent for the vessel. He led me to believe that something was wrong and that he was worried about losing his agency for other companies. He was very friendly to me personally and told me that I really did not need an agent and could handle matters myself. However, he did arrange clearance for the ALFHEM when we were ready to leave the port.

The vessel went alongside the quay on the afternoon of arrival and I noticed that there were, what I considered to be unusual security precautions being taken. The cargo was discharged directly into railway cars on the quay with the ship's derricks. The military guards were stationed on all of the railway cars and were checking the cargo into them. The discharging of the cargo itself was handled by the regular stevedores. In all there were approximately 20 to 30 military guards on the quay at any one time. It was impossible to use the ship's radio as a practical matter because it was necessary to take down the antenna to use the ship's derricks. The messages received at Puerto Barrios were received through the ship's agent, and my messages were also sent through the agent. All members of the crew were permitted shore leave. Upon completion of discharge, my copy of the specification attached to the bills of lading was signed by a uniformed individual whom I thought to be the Port Captain. He signed with the notation that the cargo had been received in good order and condition and without any remarks.

There were approximately 8 or 10 other vessels in the harbor of Puerto Barrios and 4 or 5 more in the Roads at all times. 4 to 6 vessels could get to the quay at one time but the ALFHEM was the only vessel which had military personnel in attendance at the quay while discharging while we were there. The vessels in the harbor were of several different flags, including one Swedish; one or possibly two Norwegian; two or possibly three German; and several United fruit vessels. The harbor was very crowded and there was not much space for us when we arrived.

Two of the crew members, an engine room apprentice by the name of BO AXEL CAMITS, and a waiter by the name of SVEN BERTIL OHLSSON, deserted ship while we were at Puerto Barrios after about five days. I have no idea why they left the vessel. They had been ashore most of the day and aboard at night but they did no work during the day time. Several members of the crew had heard that they had stowed away on another vessel.

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State of Florida  
County of Monroe  
Sworn to before me this 28th day of May, 1954.

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SWORN STATEMENT OF HAROLD HAASE, VICE PRESIDENT AND GENERAL MANAGER,  
GUATEMALA DIVISION, INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

I, Harold Haase, a citizen of the United States, Vice President and General Manager of the International Railways of Central America, do solemnly swear that:

At about 10 a.m. on Saturday, May 15, 1954, a memorandum dated May 14, 1954, written by Humberto Ciotti Campos, IRCA Terminal Superintendent at Puerto Barrios, Guatemala, and directed to the General Superintendent of Transportation in Guatemala City was received in my office. It states that a ship was due on or about that date with cargo for the Guatemalan Government but that no definite information as to class of cargo, quantity or origin was known. Immediately on receipt of this memorandum, I checked with Mr. Ciotti by railroad telephone, and he stated he had no further information except that Arturo Papadopollo was supposed to be the agent for the ship and that he understood the ship's cargo was "armament". A further check with Mr. Ciotti later the same day and by the same means disclosed that the ship was then in the stream and was being received by Colonel Sanchez (Minister of Defense of Guatemala) and Major Alfonso Martinez, Director of the National Agrarian Department, together with some of the local Government port officials, but that in so far as he knew there were no ship's documents, manifests, or bills of lading covering the cargo. Mr. Ciotti said Colonel Sanchez asked him to provide fifteen flat cars, and as many box cars and locomotives as would be required to move this special cargo without delay and asked that the ship be docked immediately. I instructed Mr. Ciotti to inform Colonel Sanchez that all of the berths were occupied at the Puerto Barrios pier but that Colonel Sanchez could order one of the ships to leave the pier so that the *Alfhem* could be docked. A United Fruit Company ship that was not working at that time moved out into the stream and the *Alfhem* was docked. I was told that no IRCA or United Fruit Company officials or employees were permitted aboard the ship except laborers to handle the discharge of the cargo. I was informed that Colonel Sanchez stated he wished the ship to commence discharging immediately, but due to bad weather and other delays on their part, actual effective discharging was not commenced until between 6 and 7 a.m. on the morning of May 16. After the discharging was started on May 16 Colonel Sanchez informed company employees that he wished to discharge twenty-four hours a day and desired that there be no delay due to a shortage of cars, or power, or movement over the railroad from Puerto Barrios to Guatemala City. When Mr. Ciotti asked for instructions, on May 15, with regard to docking the ship, he was instructed to estimate the cost of the labor involved in the discharging of the ship and to inform Colonel Sanchez that the amount estimated would have to be deposited before any work was done. This information was given to Colonel Sanchez, and on Monday, May 17, he deposited 6,000 quetzales with Mr. Ciotti to cover it. The cost to the IRCA may be somewhat more than this.

The discharging during the first three or four days was slow and only about eight railroad cars were dispatched from Puerto Barrios every twelve hours but from the 20th on some ten to twenty cars were dispatched every twelve hours, or a total of 123 cars for the entire shipment aboard the *Alfhem*. Unloading was finished on Sunday, May 23.

The first train with eight cars left Puerto Barrios at Midnight, May 16. According to information given International Railways of Central American employees by soldiers who were aboard the train as guards, an explosion occurred under the locomotive at Mile 16 (Casteneda) as it passed over a small bridge. The soldiers who were accompanying the train ordered the conductor to stop immediately after passing over the bridge and on investigation found that bombs had been rigged on both rails over the bridge and connected by a wire leading some 200 yards into the swamp to a detonating machine. The local newspapers printed a picture of the bridge and the bomb. Following the attempt to blow up this train which was investigated by the local military and police people from Puerto Barrios, Zacapa and Guatemala, the Ministry of Defense asked me for six rail motor cars with trailers to be placed at the disposition of the

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Guatemalan Government for the handling of troops from these three points to the bridge at Mile 16. These motor cars were also for the purpose of piloting the trains with the special Government cargo from Puerto Barrios to Guatemala City.

In connection with this movement of Guatemalan Government special cargo the International Railways of Central America received reports from various employees of the United Fruit Company at Bananera that the United Fruit Company employees were all going on strike on May 19. As a result, I suspended railroad operations on the United Fruit Company lines but ordered service resumed when the strike did not materialize. However, on the 20th the strike did take place and all International Railways of Central America train service on United Fruit Company lines was cancelled and all locomotive power and practically all equipment was removed from those lines. On Friday, May 21, the Government interventor of the International Railways of Central America, Lic. Alfonso Bauer Paiz, called me on the phone and asked that rail service be re-established. I told him that I could not operate our trains through those lines unless the Government would in writing guarantee safe operation, assume all responsibility for any accidents, deaths, etc. and return to service the regular employees of the United Fruit Company who were required to operate our train service. Lic. Bauer Paiz confirmed his oral request in a letter of May 22, to which I replied in writing in the same terms as mentioned to him verbally the day before. On the morning of Saturday, May 22, Lic. Alfonso Bauer Paiz, Colonel Rogelio Cruz Wer, Director General of the Guardia Civil, and Major Jaime Rosenber, Director of the Guardia Judicial, called at my office at about 10 o'clock and Bauer Paiz said he only had two points to discuss with me. The first was that he wanted all cars and locomotive power necessary placed at the disposition of the Guatemalan Government to handle without delay, and if possible in one train, the balance of the "armament" that had arrived on the steamship Alfhem. I informed Bauer Paiz that such a request required a little practical study because I did not know how many more cars or how many more tons of armament was still to be discharged from the ship and sent to Guatemala City. I also told Colonel Cruz Wer that this request appeared unusual to me because in so far as I knew there hadn't been any shortage of cars or power since the arrival of the ship. Colonel Cruz Wer then said they were very interested in getting this "armament" moved as rapidly as possible. I told him that International Railways of Central America officials supposed the cargo consisted of armament because we had heard rumors to that effect. After this statement when any reference was made to the movement of this cargo by the three men calling on me, they referred to it as "special cargo". The second point which Bauer Paiz stated he wished to speak to me about was the re-establishment of International Railways of Central America train service in the United Fruit Company lines between Bananera and Quirigua.

From the various conversations which International Railways of Central America officials in Guatemala City had with Mr. Ciotti in Puerto Barrios over International Railways of Central America telephone lines, it was understood that Mr. Ciotti had been informed either by Colonel Sanchez or some of his part in Puerto Barrios that the shipment aboard the Alfhem consisted of armaments.

All of the cargo from the Alfhem was discharged in the Gerona freight yard in Guatemala City by Guatemalan soldiers and transported in military trucks to a destination in the City which I understood was the Guardia de Honor. The cars arriving on the first three or four trains were held under guard at the Gerona freight yard during the day and discharged at night, but the last several trains were discharged immediately after arrival at Gerona. I supposed that the action in unloading at night at first was as a matter of secrecy. When the first train of Alfhem cargo arrived at Guatemala City, the International Railways of Central America had received no information from anyone with regard to where it was to be discharged so the train was brought to the Guatemala City freight yards. About thirty minutes later several officers from the Ministry of Defense arrived at our

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dispatcher's office and asked that this train be returned to Gerona freight yard for discharge and that all further trains of this type of cargo be set out at Gerona for unloading. According to reports to me from our officials and employees, each of the special cargo trains from Puerto Barrios to Guatemala carried an Army officer and from ten to twenty soldiers guarding the shipment.

In so far as the officials of the International Railways of Central America knew, the ship showed no ship's documents nor documents covering the cargo which is always necessary requisite under normal conditions. In handling cars on our railroad the dispatchers made out the "consist list" properly, except that on their own initiative they described the contents as "afrecho" (bran). As soon as this came to my attention I instructed our general superintendent of transportation and chief dispatcher to have all such "consists" corrected to read "special cargo" or "Government cargo".

The dates given above, including that of my interview with Lic. Bauer Paiz, Colonel Cruz Wer and Major Rosenberg (stated to be May 22), are correct to the best of my recollection without reference to my records in Guatemala; they are in any event correct within one or two days.

WITNESS

Sworn and subscribed to before me a NOTARY PUBLIC  
in and for the District of Columbia this 10th day  
June, 1954.

WASHINGTON, D.C.

/s/  
E. J. Madill

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Itinerary of Daniel Alfonso MARTINEZ Estevez:

18 January 1954 - Left Guatemala City for Mexico City, KIM flight 648. Planned to leave for Amsterdam KIM flight 650, transiting Canada.

20 January 1954 - Arrived Amsterdam; left same day for Zurich via Swiss Air (flight number not given).

21 January - 9 February - In Prague\*.

9 February 1954 - Believed to have travelled Prague to Zurich to Bern.

9 February - 19 February - Stated he would be in Bern approximately this period.

19 February 1954 - Bern to Zurich to Amsterdam via Swiss Air flight 120.

19 February 1954 - Left Amsterdam via KIM flight 649/647 for Mexico City.

21 February 1954 - Returned to Guatemala City (details not given).

Itinerary of Jose Manuel FORTUNY:

5 November 1953 - Left Guatemala City for Mexico.

9 November 1953 - Left Mexico City via KIM flight 650 for Amsterdam.

Route from Amsterdam - Moscow not available.

8 January 1954 - Left Mexico City for Guatemala City via TACA flight 101.

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\* Martinez travelled on Guatemala diplomatic passport; he had a Czech visa which was not attached to his passport.

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SOURCES

1. Sworn Statement of Harold Haase, Manager, IRCA.
2. Ibid.
3. Ibid.
4. Ibid.
5. Ibid.
6. Ibid.
7. Ibid.
8. State Telegram 675, Guatemala, 17 May 1954, Secret.
9. Ibid.
10. NA, Guatemala, Unnumbered, 20 May 1954, Secret.
11. Sworn Statements of Alfhem Captain and crew.
12. NA Guatemala, Unnumbered, 20 May 1954, Secret.
13. State Telegram 675, op. cit.
14. Ibid.
15. Sworn Statements of Alfhem Crew.
16. State Telegram 675, op. cit.
17. State Telegram 989, Stockholm, 21 May 1954, Secret.
18. State Telegram 1021, Stockholm, 21 May 1954, Secret.
19. Embassy Guatemala, Letter to Raymond G. Leddy, 11 June 1954, Secret.
20. Ibid.
21. Ibid.
22. State Telegram 1386, Mexico City, 25 May 1954, Secret.
23. CS 38807, 21 May 1954, Secret.
24. State Telegram 5185, London, 18 May 1954, Secret.
25. State Telegram 1000, Stockholm, 24 May 1954, Secret.
26. State Telegram 5185, op. cit.
27. State Telegram 5204, London, 19 May 1954, Secret.
28. State Telegram 1047, Stockholm, 8 June 1954, Secret
29. State Telegram 978, Stockholm, 19 May 1954, Secret.
30. Ibid.
31. State Telegram 987, Stockholm, 21 May 1954, Secret.
32. State Telegram 980, Stockholm, 20 May 1954, Secret.
33. CS 38807, 21 May 1954, Secret.

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34. Sworn Statement of Alfhem Captain.
35. Ibid.
36. Sworn Statements of Alfhem Crew.
37. Sworn Statement of Harold Haase, Manager, IRCA.
38. AR-79-54, Guatemala, 27 May 1954, Secret.
39. State Telegram 891, Guatemala, 5 June 1954, Confidential.
40. Original Bill of Lading, signed at Stettin.
41. Ibid.
42. Sworn Statement of Harold Haase.
43. AR-79-54, op. cit.
44. State Telegram 859, Guatemala, 1 June 1954, Secret.
45. AR-79-54, op. cit.
46. USARMA, San Salvador 98, 18 May 1954, Secret.
47. State Circular Telegram 440 to London, 28 May 1954, Secret.
48. [ ]
49. [ ]
50. [ ]
51. State despatch 990, Guatemala, 4 June 1954, Official Use Only.
52. State Telegram 1075, Stockholm, 15 June 1954, Secret.
53. IR-9-54, Guatemala, 14 January 1954, Confidential.
54. State Telegram 726, Guatemala, 23 February 1954, Unclassified.
55. State BI Files.
56. Ibid.
57. State despatch 259, Zurich, 19 February 1954.
58. State despatch 859, Guatemala, 14 April 1954, Confidential.
59. State BI Files.
60. State Telegram 661, Geneva, 28 May 1954, Confidential.
61. State Telegram 635, Geneva, 24 February 1954, Confidential.
62. State despatch 426, Amcongen Hamburg, 28 May 1954, Secret.
63. N. Y. Times, 24 February 1954.
64. State Telegram 295, Geneva, 18 March 1954, Secret.
65. State Telegram 776, Stockholm, 19 March 1954, Secret.
66. State Telegram 788, Stockholm, 24 March 1954, Secret.

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67. [ ] 28 April 1954, Secret.
68. State Telegram 1089, Stockholm, 17 June 1954, Secret.
69. [ ]
70. Ibid.
71. SDD 767, Guatemala, 8 March 1954, Confidential.
72. State Telegram 597, Buenos Aires, 30 April 1954, Secret.
73. Sworn Statements of Alfhem Crew.  
State Telegram 742, Guatemala, 21 May 1954, Secret.
74. Series: COMCARIBSEAFRON 3011102, 30 May 1954, et seq.
75. State Telegram 45600, Paris, 27 May 1954, Secret.
76. State Telegram 19, Geneva, 10 June 1954, Restricted.
77. Ibid.
78. [ ]
79. State Telegram 2666 to Milan, 16 February 1954, Secret.
80. State Telegram 52, Milan, 12 February 1954, Secret.
81. State Telegram 737, Guatemala, 31 May 1954, Confidential.
82. State Telegram 1085, Bern, 9 June 1954, Secret.
83. State Telegram 1046, Bern 24 May 1954, Secret.
84. R-59-54, Guatemala, 26 March 1954, Confidential.
85. State Telegram 3681, Paris, 26 May 1954, Secret.  
State Telegram 4861, Paris, 15 June 1954, Secret.
86. State Telegram 4467, Paris, 20 May 1954, Secret.
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88. State Telegram 212, Hamburg, 24 May 1954, Secret.
89. State despatch 429, Amcongen, Hamburg, 2 June 1954, Secret.
90. Ibid.
91. Ibid.
92. State despatch 1212, Brussels, 21 May 1954, Secret.
93. State Telegram 925, Brussels, 28 May 1954, Secret.
94. State Telegram 2521, Rome, 24 February 1954, Secret.
95. Ibid.

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